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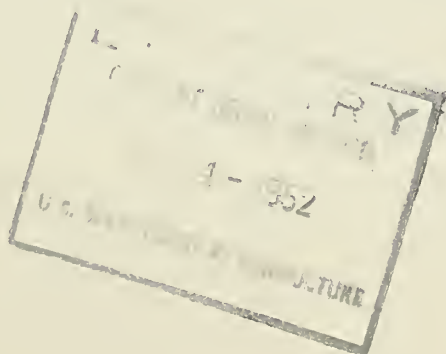
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JANUARY 1952

MARKETING ACTIVITIES



U.S. DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
Washington 25, D.C.

IN THIS ISSUE:

STREAMLINED HOG MARKETING

By H. E. Reed Page 3

There is greater demand for lean cuts of pork, as compared with fat pork products, than before the war. Prices for live hogs don't satisfactorily reflect this shift in consumer preference. Neither do production practices. The greatest incentive for this type of production must come from the market prices paid for hogs. The grades now proposed are based primarily on the quantity of lean and fat pork cuts taken from hog carcasses. The author is director of PMA's Livestock Branch.

COMMODITY CREDIT CORPORATION PRICE SUPPORT INVENTORIES Page 7

DO SMALL CANS OF FOODS SELL BEST ON THE TOP SHELF?

By Hans Pauli and R. W. Hoecker Page 8

...or do you sell more small cans if you display them one above another on the bottom, middle, and top shelves?

PREPACKAGING APPLES AT POINT OF PRODUCTION

By Earl W. Carlsen and Donald R. Stokes Page 11

New packaging techniques developed, materials costs compared, and sales appeal of prepackaged apples demonstrated in Pacific Northwest research.

DEFENSE NOTES Page 15

MARKETING BRIEFS Page 17

ABOUT MARKETING Page 20

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MARKETING ACTIVITIES

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Streamlined Hog Marketing

By H. E. Reed

Hog producers, livestock market men, packers, and others are now voicing their opinions on recently proposed USDA hog grades that look toward a more streamlined hog marketing system for this country.

The new grades are based primarily on the quantity of lean and fat pork cuts produced from hog carcasses. USDA is now seeking advice on the grades which were formally proposed October 4. Comments from all those interested in hog production and marketing will be accepted until April 3.

Growing Need

The need for a change in our methods of hog marketing has been increasingly apparent since the end of World War II. Studies reveal that our present pricing doesn't differentiate sufficiently between hogs that produce a high proportion of lean to fat, and hogs that produce the opposite--more fat and less lean.

Recognition of this lean-fat relationship in prices is vital if our hog production is to be tailored to present-day consumer demand for pork products. The simple truth is that prices for fat pork products are not maintaining their past relationship with lean pork prices. While consumer demand remains strong for hams, picnics, pork chops, and other lean cuts, consumers are shying away from the fatter pork products such as bacon, salt pork, fat back, and lard. This shows up markedly in the wholesale and retail prices obtained for pork products.

Our market prices for live hogs are not satisfactorily reflecting this change in consumer preferences for pork products--and as a result neither do production practices. Obviously with less demand for fat pork products, we should expect the production and marketing of hogs that produce less fat and more lean. But the greatest incentive for this type of production must come from prices paid for hogs in the market place.

Let's take a look at pricing in most market places and see how it stacks up against this problem. Hogs have long been sold largely on a weight range basis in this country. Differences in fatness or quality get very little consideration. It is not uncommon to see on most any large market different loads of hogs of the same weight, which vary decidedly in fatness, but all sell at the same price. This kind of pricing offers no incentive to the farmer who brings the best hogs to market. He gets the same price as the producer who brings in over-fat hogs.

Some people are inclined to the viewpoint that this difference in fatness is not important. They minimize its significance and say that prices average out for everyone. They also believe that the present

method of marketing hogs is simpler and more easily applied.

Many of us can't agree with this point of view. In the first place, the difference in true hog value is not small. A load of properly finished hogs may have a cut-out value of \$2 a hundred more than a load of overly fat hogs of the same weight. This is certainly enough difference to be reckoned with in trading in hogs. With other kinds of livestock that much difference is important.

The producer has the most at stake in the selling of hogs on their merits--especially the producer of properly finished kinds. We assume that competition forces processors to pay the maximum for their total hog buy. They then expect to "average out" by buying hogs with the usual wide range of fatness at the same price. This surely results in a premium but unfortunately it is on the least valuable hog--the over-fat one. So buying hogs on an "averaging out" basis results in penalizing the producer of the high cutting kind and paying more for the overly fat kind than their cut-outs justify.

The adoption of hog marketing on a merit basis would assure producers of high-value hogs a higher price per hundred pounds. The premium added by the packer for high-value hogs would be deducted from the overfat or lower value hogs. So the adoption of this new method of measuring hog values should not affect the total amount paid by packers for all hogs. However, it is rather obvious that some method is needed to bring about a better distribution of this revenue to producers to reflect true hog values. It is equally obvious that if producers were rewarded for producing high-value hogs, they would produce more of such hogs--which would be an advantage to consumers as well as producers.

Measuring True Hog Values

Basic to these new grade standards for hogs is the method of measuring true hog values. Of the two--carcass yield and cut-out yield--the cut-out yield is a much superior indicator of true value. The fatter hog will yield a slightly larger amount of pork products per hundred pounds liveweight, and on this basis some are prone to rely upon carcass yield as a reliable criterion. Don't be misled by this apparent advantage that the fatter hog has over the leaner one. If you apply cut-out values to both lean and fat hogs you will soon find that, on the basis of the value of the products produced from the carcass rather than on the total carcass weight, the correctly finished hog will far outdistance the fat hog of the same weight when it comes to real values.

With the widening of prices between lean and fat pork, cut-out value of hogs became the important factor in our search for a method of hog grading that would accurately reflect the lean-fat relationship. The problem of hog values is somewhat different from that for most other kinds of livestock. Most hogs come to market with adequate finish to produce high-quality pork products. This is in contrast to cattle and other livestock which are often underfinished or lacking in fat. And the degree of finish or underfinish is the important key to measuring cattle value. But in the case of hogs, surplus fat becomes the important factor. Before marketing hogs as pork, the surplus fat must be trimmed from each

cut and processed as lard. Seldom is much fat trimmed from other kinds of meat. Therefore, determining hog value takes a different turn from fixing the value of other livestock, surplus fat being the significant factor for hogs. This is particularly true under the present consumer demand situation with lard one of the lowest priced animal products.

The new grades are designed to measure this relationship of lean to fat. Briefly, the live hog grades were developed from research on hog carcasses. After many tests, objective measurements of the hog carcass were found that accurately forecast what its production on fat and lean cuts would be. Considerable research found this method to be fool-proof and the next step was to identify the hogs that produced the various types of carcasses. This was done and the descriptive hog grades which are being proposed along with the carcass grades were the final result.

Since quality is not the grading problem with hogs that it is with other livestock, the proposed grades take a little different turn than those for other live animals. The top quality designation, Choice, is broad and includes three grade divisions. This means that hogs in any of the three top divisions produce pork having quality acceptable to consumers. But the resemblance ends there.

The Grades

The top grade, Choice No. 1, would include slaughter hogs with about the minimum of finish required to produce high-quality pork cuts. The carcasses would have a relatively high ratio of lean to fat, and about 50 percent of their carcass weight would be in the four lean cuts of hams, loins, picnics, and Boston butts.

In contrast, the other extreme of the Choice classification, the Choice No. 3, would include slaughter hogs that are decidedly overfat. All of the characteristics of these hogs would be what you would expect of an animal that had excessive finish for present-day needs. While the cuts would be of high quality because of the excessive finish, there would be a considerably lower proportion of lean cuts and a high amount of fat and fat cuts. These carcasses would normally yield less than 45 percent of their weight in the four lean cuts.

In the middle between these two extremes would be the Choice No. 2 slaughter barrows and gilts. The extent of fatness of these hogs would range between the other two and carcasses would produce high quality cuts. But because of the slightly over-fatness, these cuts would require somewhat heavier trimming than the ones produced from the Choice No. 1 carcass. The carcasses from the Choice No. 2 hogs would normally yield 45 to 48 percent of their carcass weight in the four lean cuts.

Most of the hogs marketed would fall into one of these three grades. It is readily apparent that hogs in the Choice No. 1 grade are considerably more valuable than the Choice No. 3's at today's prices for fat and lean cuts. However, the advantage of this grading system is that if--and it's a mighty big if--pork fat ever regains its former price position, the grades could still be used to measure true hog values, and the premium in price would fall on the Choice No. 3 instead of the Choice No. 1 as

it now should.

The remaining two grades will not have much significance in present-day marketing but they are necessary to complete the full range of hog values. The fourth grade is Medium and these hogs are slightly underfinished and as a result produce flabby and slightly soft pork cuts with little marbling. The yield of lean cuts is proportionately high, but the ratio of total lean and fat to bone is slightly low.

The last grade is Cull. Not many hogs with this lack of finish would ever find their way into markets. The carcasses would have a high proportion of lean to fat, but the cuts would be very inferior in quality and suitable only for use in processed meats.

The practical use of these grades has been amply demonstrated at various hog markets throughout the country and at type conferences and swine "field days" during the last 3 years. Experienced market men readily attain the ability to grade hogs on the basis of these standards. There is usually some amazement at first on the part of both producer and hog buyers when they see the kind of hog that falls into the Choice No. 1 grade. However, when they have an opportunity to follow the live hogs through the "kill," they invariably agree that the grade generally identifies the most valuable carcass.

Will Not Upset Long-time Breeding Programs

Some producers may have the impression that the new grades might upset long-time breeding programs. Nothing is farther from the truth. It will be a problem of proper selection, feeding and marketing of hogs to reach the top grade. Some breeds utilize feed more efficiently than others and will go to heavier weights without getting excessively fat. However, all breeds can produce Choice No. 1 if selection, feed, and management practices are properly controlled.

While carcass grades are also being proposed along with the slaughter barrow and gilt grades, this does not indicate a trend or recommendation toward the sale of hogs by carcass grades. It does provide a basis for checking the validity of our live grades. Most livestock men are convinced that live hog trading is the logical and practical method for this country. The grades if adopted would be used entirely on a voluntary basis. Their intended use is the same as for all other USDA livestock grades. We have no ideas of advocating compulsory grading for live hogs. We do believe that these new grades would give us a better basis for more effective market news reports.

More important, we believe that this new grading system will provide a marketing tool for reflecting to the producer the consumer preferences for pork products.

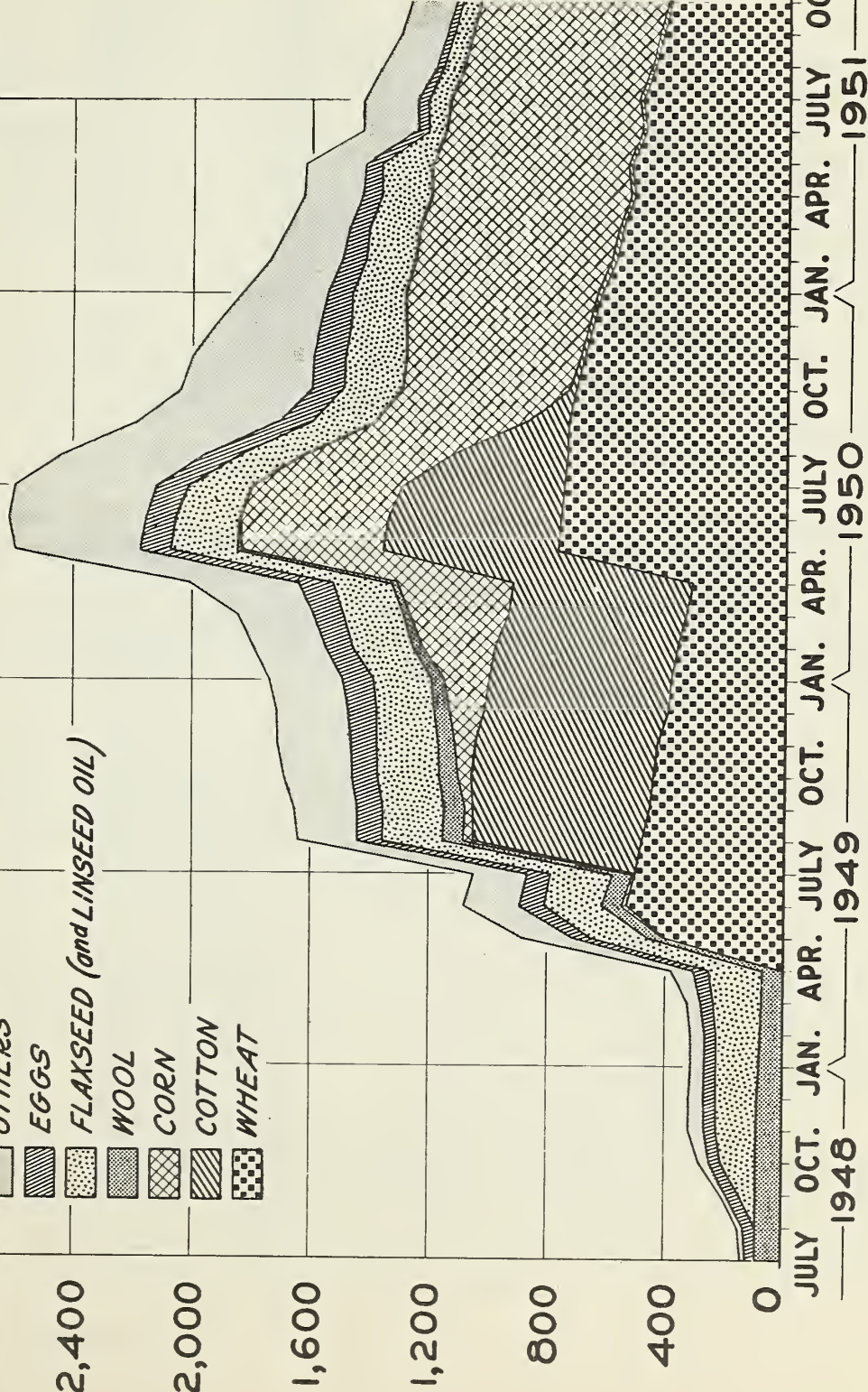
Copies of the USDA proposal for grades of slaughter barrows and gilts and of barrow and gilt carcasses can be obtained by writing to the Office of Information Services, Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C. The proposal contains specifications for all five grades, both live and slaughter.

COMMODITY CREDIT CORPORATION

PRICE SUPPORT INVENTORIES, BY COMMODITY, BY MONTHS JULY 1948 TO DATE

DOLLARS
(MILLIONS)

- OTHERS
- EGGS
- FLAXSEED (and LINSEED OIL)
- WOOL
- CORN
- COTTON
- WHEAT



CCC inventories of commodities acquired under the price support program reached a peak in June 1950--the month South Korea was invaded by the communists. Since that time, CCC inventories have been used, largely through sales in commercial channels, to meet increased domestic and foreign demand for food and fiber.

Do Small Cans of Foods Sell Best on the Top Shelf?

By Hans Pauli and R. W. Hoecker

Should small cans of foods be displayed in the usual way across the top shelf of the canned foods department of the food store, or do more sales result if they are displayed one above another on the bottom, middle, and top shelves? Officials of a food chain organization in Washington, D. C. asked themselves this question. Since other aspects of food retailing were at the time being studied in cooperation with the chain by USDA under authority of the Research and Marketing Act, it looked like a good opportunity to study this problem also.

A test was made by displaying for 12 weeks nothing but 8-ounce cans across the top shelf of the canned fruit and vegetable section of one store (fig. 1). In a similar store cans of fruits and vegetables of the same kind were displayed for 12 weeks in a three-shelf section alongside the 16- and 17-ounce cans and other more common sizes (fig. 2).

At the end of the 12 weeks the displays in the two stores were reversed, and the test was continued for a second 12-week period.

A constant number of rows and variety of canned fruits and vegetables were displayed in both stores during the 24-week period. Other factors, such as type of displays, position on shelves, prices, and brands, were kept the same for the two stores.

Sales records obtained for the 25 vegetables and 18 fruits covered in the survey constituted over 90 percent of the total volume of fruits and vegetables sold in the two stores. The total volume of canned fruits and vegetables sold in the stores was approximately the same.

Vegetables

During the test period 8 percent more small cans of vegetables were sold from the displays on the top shelf than from displays in the special three-shelf section, the number of cans sold being 24,088 and 22,306 respectively. More cans were sold of 17 of the 25 items when they were displayed across the top shelf.

The 8-percent increase in sales of small cans, however, was accompanied by a 3.8 percent decrease in sales of the larger cans--a decrease from 17,169 to 16,525 cans. In terms of total weight of product sold, the decrease of sales in large cans approximately offset the increase of sales in the small cans. Sales of the same vegetable items were over 12 percent greater when the items were displayed on the top shelf than when

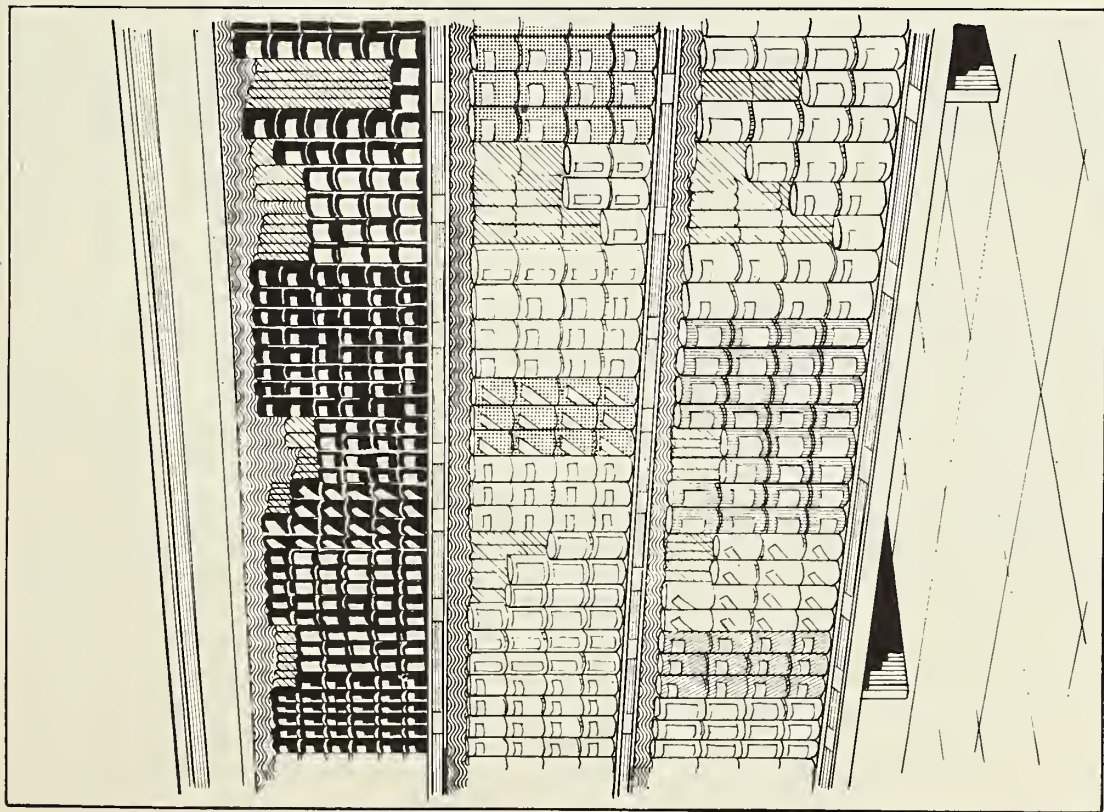


Figure 1. Method used to display small cans across the top shelf of the canned fruit and vegetable section.

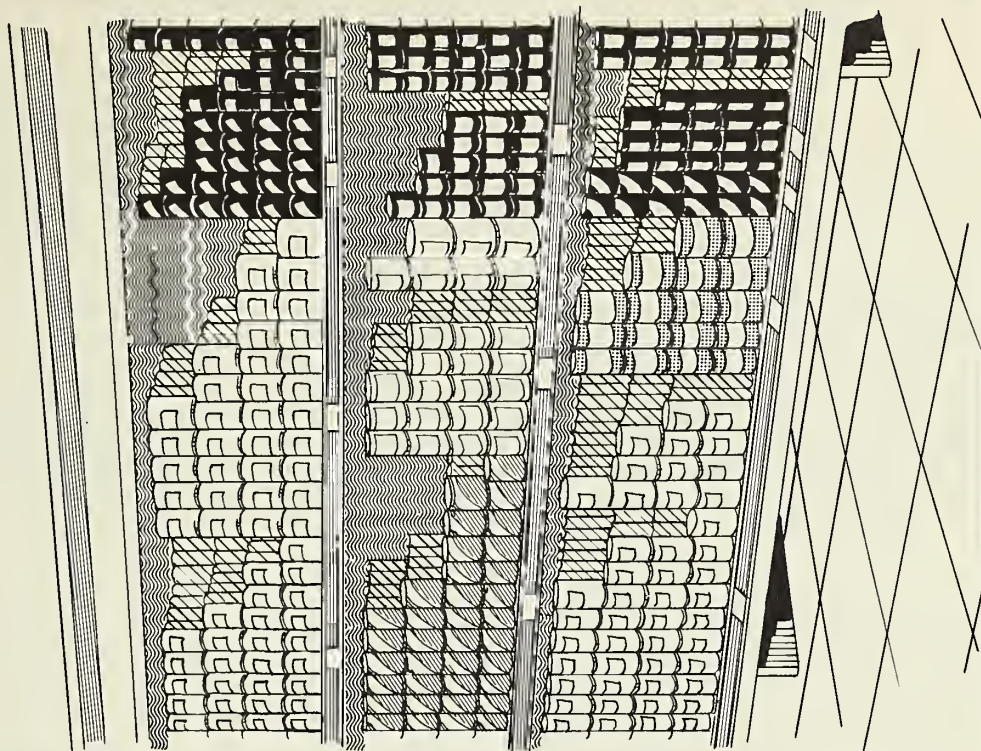


Figure 2. Method used to display small cans in a separate part of the canned fruit and vegetable section.

they were displayed on the bottom shelf of a separate three-shelf-high display of these items.

Fruits

Sales of canned fruits from the displays on the top shelf only were 6.7 percent greater than sales from a three-shelf section--15,642 and 14,654 cans respectively. More cans were sold of 12 of the 18 items when they were displayed on the top shelf only. Sales of the 18 items in regular cans, however, were 1.6 percent lower when the small cans were displayed on the top shelf than when they were displayed in the three-shelf section--18,323 cans to 18,614 cans. As with vegetables, the total weight of product sold in large and small cans was approximately the same, no matter which method was used. Top-shelf sales of fruits were only 3 percent greater than bottom shelf sales, but were more than 12 percent greater than when the same items were displayed on the middle shelf of a separate section.

Limitations

The research was based on a small sample. This fact should be borne in mind when conclusions are being drawn. Another limitation is that the test compared the standard method (top shelf only) with a new method of display (separate three-shelf-high section). Since customers resist change, there may have been a tendency to buy fewer of the cans displayed in a separate section simply because the manner of display was different.

Despite these limitations, however, the results are conclusive enough to indicate that the retailer who wishes to increase his volume should not change his present practice of displaying small cans across only the top shelf unless he has evidence to prove that for him a display in a separate section is better.

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1952 GOALS REVISED IN LINE WITH CHANGED ESTIMATES FOR '50 AND '51 CROPS

In mid-January, USDA announced revisions in 1952 acreage and production goals to bring them into better alignment with the Crop Reporting Board's year-end estimates of lower acreages and production in 1950 and 1951. Changes in 1952 goals call for some increases and some decreases in acreage and production for individual crops. The adjustments were necessitated by the revised and lowered estimates for 1950 and 1951 acreage and production levels with which 1952 goals must be compared. While the total 1952 acreage figure has been reduced about 1 percent in these adjustments, the 1952 goals--because of the lower 1951 "base"--will call for an even greater increase over last year than was estimated when the goals were first announced last November. If the revised goals are reached, total farm production this year will be about 6 percent greater than in 1951, instead of the 4 percent previously estimated. This would be a new all-time farm production record.

Prepackaging Apples

At Point of Production

By Earl W. Carlsen and Donald R. Stokes

Research on prepackaging apples at the point of production, conducted in the Pacific Northwest, has uncovered a number of ways of reducing costs of prepackaging through reduction in cost of materials, through development of new packaging techniques, and through demonstrating the savings that can be realized in merchandising prepackaged apples.

A bagging chute has been developed that appears to be the best device yet for prepackaging apples. It is operated either by placing the apples in the chute by hand, or by feeding them automatically into the chute. When the chute is filled with apples the bag is slipped over the chute. The apples are removed from the chute either by slanting the chute and letting the apples drop, or by raking them into the bag by hand. The latter method is better if the apples are large.

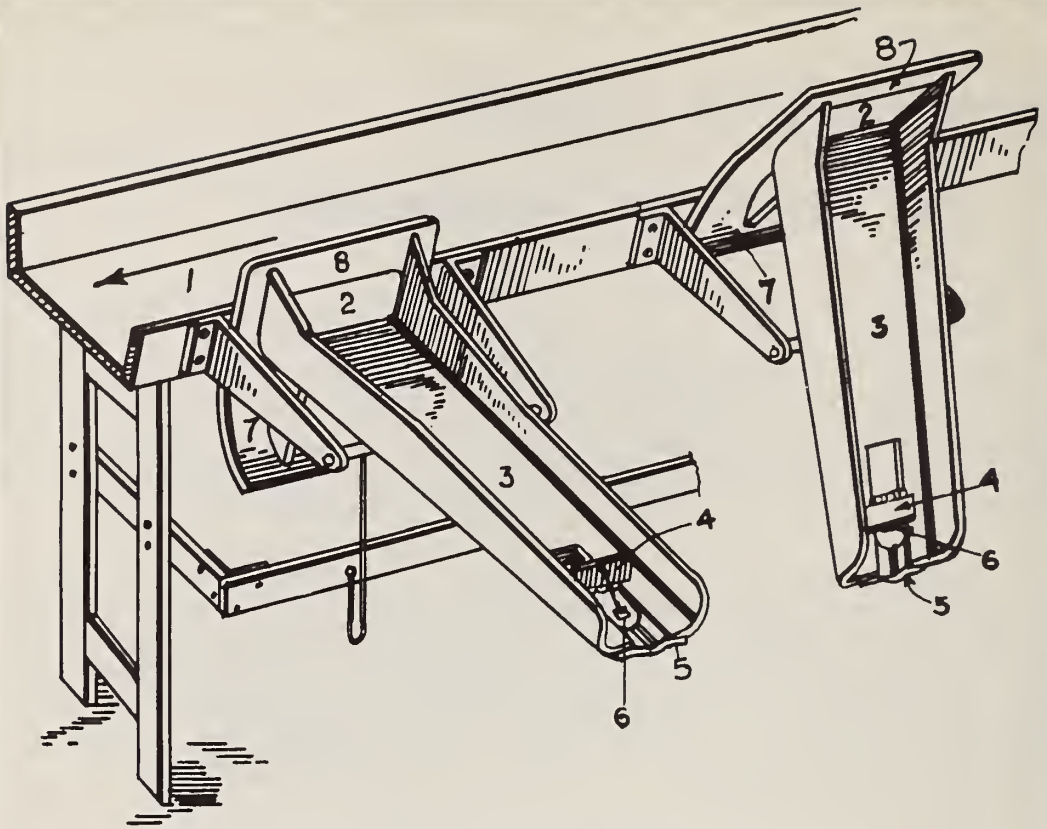
Five Methods Tested

Five different methods of prepackaging apples were developed. Most of these made use of the bagging chute because it was found so highly efficient. Under the first method--the only one in which the chute was not used--the apples were bagged by hand from the tubs. Although this method of filling bags was very simple and easy to set up, it proved to be rather costly.

With the second method, the chute was mounted immediately over the sizing tubs. The apples are placed in the chute by hand. Since apples in the Pacific Northwest are nearly all sized by approximate weight, this operation proved quite successful for larger apples because it eliminated weighing.

The third method was the same as the second except that the chute was mounted on a portable stand placed beside the tubs on the sizing line. Scales were mounted directly underneath the chute. The chute is filled by weight instead of by count.

The fourth method of bagging was to feed apples automatically into the bagging chute mounted on the portable stand. This was done by removing two tubs from the sizing line and placing the chute next to the sizing machine, with a small connecting apron between, which permitted the fruit to roll into it. Labor costs for this operation were higher than for the second method because it was necessary to weigh the apples.



Bagging Chute--in "Up" and "Down" Positions

When the chute is in its "up" position (left), the apples can roll off the conveyor table (1) through an opening in the side of the table (2). In this position the chute has a slight slant, so that the apples roll by gravity down into the trough of the chute (3). They are stopped by a gate (4) near the end of the chute.

After the chute fills with apples, the operator slips the entire length of an open bag over the lower end of the chute (5). Then the chute is tilted downward, and the apples roll into the bag. As the chute end goes down, a spring (6) pulls the gate (4) downward. The released apples roll out at the end of the chute. When the chute is returned to the "up" position, the gate automatically closes again.

In order to stop the flow of apples from the conveyor table into the chute while it is being emptied, an "apron" (7) is attached to the receiving end of the chute. The apron is curved so that it will not bind when the chute is lowered, at which time the apron rises to cut off the flow of apples from the conveyor table to the chute. A bridge (8) is built across the receiving end of the chute. This bridge deflects any apple that has rolled part way into the chute at the time the chute is lowered, and prevents the apple from wedging against the sides as the chute is being emptied.

The fifth and most rapid method of filling and weighing the bags was to use a battery of chutes attached to a separate bagging table. This table had a belt mounted on an incline which forced the fruit to roll toward the chute. This type of bagging operation required more equipment than other systems. A supply of fruit for the bagging table could be held loose and then dumped on the table, or the apples could be directed from the sizing line onto the table. The method was used most with small apples and could work with or without weighing the apples as it was bagged.

Packaging Costs

Costs of packaging the apples varied with the method of filling the bags and the type of bag used. The extra cost per box of prepackaging apples as compared with the cost of packing them in the Northwestern box (not counting overhead investment and depreciation of equipment) ranged from 26 to 32 cents on the 4-pound attached printed header bag and from 34 to 42 cents on the 3-pound attached printed header bag, depending on the method of packing used. The labor costs on many of the bagging operations were below those of the standard pack, but the additional cost of the bags made it more expensive to prepackage apples than to bulk-pack them in boxes.

Several methods of making bag closures were investigated, although most of the work was done with a header-type bag which was stapled, or elastic closure bags which required no extra work in making the closure. Unprinted open bags, to which saddle headers are attached after the bag was filled, were tried, as were heat-sealed closures. It was found that although additional time was required to fill an unprinted open or headerless bag, the extra labor cost would not offset the saving in the cost of the bag. Therefore, one possible means of reducing the cost of a present prepackaging operation would be to use unprinted headerless bags and make closures by heat-sealing or applying saddle-type headers.

A bonding-type one-piece slotted carton for shipping prepackaged apples was developed which contained approximately the same quantity of apples as the Northwestern apple box. Cartons of this type were approximately twice as long as they were wide and could be bricked together (overlapped or interlocked). This bricking together is particularly desirable for palletized handling. They were designed to fit the dimensions of a railroad car and permit a minimum weight load in the car.

The regular one-piece slotted carton is about 2 cents cheaper than a similar two-piece telescopic lid carton and 24 cents cheaper than the wooden box. Wooden boxes were not found to be satisfactory for shipping bags of apples because of abrasion of bags against wood as the box was filled. Fiber containers were found to be highly satisfactory for preventing damage in transit. Only 2 of the 57 carlot shipments on which detailed inspections were made showed unsatisfactory arrival and only 8 cartons were damaged in these 2 cars.

In all the test shipments of apples, four holes were punched in the film of each bag to aid in adjustment of moisture inside. These holes

were best placed in the bottom of the bag since the holes higher up sometimes were caught and torn by apple stems.

Preliminary investigations of consumer acceptance of prepackaged apples indicated no important objections. Ninety-eight percent of about 4,500 respondents to questionnaire cards indicated they would like to buy more of their apples this way.

Sales in the pre-selected panel of stores in Chicago, Kansas City, and Los Angeles showed that preference for prepackaged apples relative to bulk varied greatly between stores. Bagged apple sales were 200 percent of bulk in two Chicago stores, 228 percent of bulk in three Kansas City stores, and 60 percent of bulk in three Los Angeles stores.

Film Bags v. Mesh Bags

Film bags appeared to be received with slight preference over mesh bags. From tests on the salability of mesh, rubber hydrochloride (plio-film), and polyethylene bags with apples from the same lot, it was learned that the polyethylene was as acceptable as pliofilm. Sales of apples in the mesh bags were about one-fifth lower than in either of the film bags. It should be pointed out here that in any plans to prepackage apples in transparent film, the present and prospective supplies of this material during the period of defense mobilization should be taken into consideration.

Generally speaking, a larger volume of apples moved in 3-pound bags than in 4- or 5-pound bags, at the same price per pound. The 4-pound unit in some instances outsold the 3-pound unit, but usually the sales of these two units were about the same.

Final gross margins (original retail mark-up less direct retail labor costs and spoilage losses) showed that it was relatively more profitable to the retailer to retail prepackaged apples than bulk apples. The percentage gross margins were approximately the same, but the sales were greater. Retail labor costs for the prepackaged apples were less than half as much as for the bulk product. Consumers spent less than half as much time in selecting prepackaged apples as bulk apples; more customers could be handled per hour. Average spoilage and mark-down losses were heavier on bulk than on prepackaged apples.

In brief, it appears economically feasible to prepackage high-quality apples at point of shipment, provided the additional expense for packaging materials is kept at a minimum. However, commercial shipments of source-prepackaged Northwest apples are experimental, and many problems of the packer are yet to be solved. Apple shippers and growers planning to make limited shipments of prepackaged apples would probably find the use of the modified stationary bagging chute satisfactory for prepackaging large apples and the titling type of chute mounted on a stand satisfactory for bagging small and medium-sized apples. However, a packer who planned to market substantial quantities of bagged apples would probably find it advantageous to use a separate bagging table with a battery of chutes attached in order to reduce his labor costs to the minimum.

DPA Announces Nitrogen Expansion Goal in Line With USDA Estimate of Needs.--A domestic nitrogen production goal of 2,930,000 short tons annually by 1955 has been announced by the Defense Production Administration. This goal represents an expansion of 1,390,000 tons over the capacity of the industry in 1950, and provides for 500,000 tons of production per year in addition to that presently under construction or planned. The action will permit consideration of applications for rapid tax amortization as a means of encouraging the further needed expansion. In peacetime, about 75 percent of the consumption of nitrogen is for fertilizer. The new goal will permit expansion of fertilizer production, assuming no unusual diversion of nitrogen for military purposes, in line with estimates made by USDA officials of nitrogen fertilizer needs in 1955. In the event of a major war, military requirements--chiefly for explosives and propellant fuels--would be very large, and even with the expansion now authorized, there would have to be some curtailment of civilian uses, according to DPA.

* * *

Secretary Brannan Appeals to Farm Equipment Industry for Cooperation in Machinery Conservation Program.--In line with USDA efforts to encourage farmers to maintain their equipment in good repair and running order, Secretary of Agriculture Charles F. Brannan has addressed letters to associations of farm equipment manufacturers, distributors, and retail dealers, asking for their cooperation. Pointing out that agricultural production goals for 1952 present the greatest challenge that farmers have ever faced, Mr. Brannan stressed the need for increased production per acre in view of the fact that additional acreage available for cultivation is limited. While this would indicate the need for increases in farm mechanization, allotments of raw materials for the first three months of 1952 will restrict production of new farm machinery to less than the desired level. Under these circumstances, repair and maintenance of existing farm equipment will be of even greater importance this year, and 20 percent more repair parts than were available in 1949 should be considered a minimum requirement for 1952, the Secretary said. Most manufacturers will find it necessary to earmark a much greater than normal proportion of their materials for the production of repair parts if requirements are to be fully met.

* * *

Tighter Controls Put on Sulfur and Sulfuric Acid.--Three moves by NPA have put sulfur and sulfuric acid under tighter controls. An amendment to Order M-69 restricts the use of sulfur to 90 percent of 1950 use, and sets up machinery for supporting military and defense-supporting requirements through directives for sulfur suppliers. A new order, M-94, is designed to prevent sulfuric acid producers from keeping an overlarge share of their output for their own use. The new order also forbids any supplier to deliver more than 20 tons of 100 percent sulfuric acid unless the purchaser provides a statement on the proposed use of the acid. NPA also revoked schedule 3 of M-45, which placed sulfuric

acid under limited allocation. An earlier DPA program determination, however, indicated that among essential uses which will be supported above the 90 percent levels are (1) operation of coke ovens where principal use of sulfur is in production of sulfate fertilizers and the manufacture of pesticides, including DDT, and (2) production of necessary supplies of crop-dusting sulfur and carbon disulfide for grain fumigation.

* * *

DPA Lists Priorities in Granting Tax Amortization Benefits.--In announcing the granting of certificates of necessity for rapid tax write-offs for 162 new or expanded defense facilities, DPA has listed the facilities which receive priority treatment for these benefits. The list, containing a good many items which concern agriculture, follows in the order of priority: (1) machine tools, cutting tools, dies, gauges, jigs, and fixtures; (2) ores such as copper, lead, and zinc; (3) pig iron; (4) sulfur; (5) military end items and supporting products urgently needed by the armed services; (6) basic aluminum; (7) nitrogen; (8) aviation gasoline; (9) steel scrap, and (10) special aluminum extrusions. Atomic energy projects also receive priority treatment.

* * *

Cottonseed Meal Ceiling Prices Raised to Cover Transportation Costs.--The Office of Price Stabilization has authorized processors and other sellers of cottonseed meal and other cottonseed feed products (slab cake, sized cake, pellets, and hulls) to add increases in transportation costs to their ceiling prices during the period December 7, 1951, to May 1, 1952. The action was taken to encourage maximum availability of cottonseed feed products for use in Southwestern and Western States where large quantities of feed are needed this winter for record numbers of livestock on the ranges and in feed lots. Local shortages of feed in such areas have forced many dealers to go into other sections of the country to obtain supplies. Owing to increased transportation costs, it is reported that dealers have been losing from \$3 to \$5 per ton on importations of cottonseed feed products.

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Can Manufacturers To Fill Current Requirements First, Unused Quotas Later.--To assure equitable distribution of limited quantities of metal cans, NPA directed manufacturers on December 12 first to satisfy current quarter demands for such containers and then to fill carry-over requirements on a pro-rata basis. Under Direction 2 to Order M-25, a manufacturer is forbidden to fill any order representing an unused quota for a previous quarter that will delay or displace orders representing current quarter requirements. Can orders placed under NPA directives, "DO-rated" orders, and basic quarterly quotas must be scheduled ahead of orders representing carry-over requirements. Direction 2 further stipulates that after a manufacturer has satisfied current requirements, he must distribute the additional supply of cans proportionately among all customers who have placed orders representing carry-over quotas.

Marketing Briefs

(The Production and Marketing Administration announcements summarized below are more completely covered in press releases that may be obtained on request from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C. by citing the code number given at the end of each item.)

Cotton.--Commodity Credit Corporation purchase rates for 1952-crop Amsak and Pima 32 varieties of American-Egyptian cotton were announced early in January. The purchase rate for Grade No. 2, $1\frac{1}{2}$ inches in staple, usually considered the base quality, will average 107 cents per pound. Under the 1951 program, the purchase rate for this quality was 104 cents per pound. Allocation differential has been established between the Arizona-California area and the New Mexico-West Texas area to take into consideration transportation costs from the area of production to southeastern and New England mill points. The purchase rate for Grade No. 2 $1\frac{1}{2}$ -inch staple will be 106.9 cents per pound in the Arizona-California area and 107.3 cents per pound in the New Mexico-West Texas area. (USDA 25-52)... USDA has proposed the designation of Fresno, Calif. as a bona fide cotton spot market under the Cotton Futures Act, as amended. If designated, Fresno will be the first market in the far-western cotton growing area to receive this recognition. It would be in the same class as Lubbock, Tex., which is a bona fide market but not one of the 10 designated bona fide markets whose price differences are used in settlement of futures contracts. The Fresno market now has an organized cotton exchange which is furnishing cotton price quotations to USDA. The number of active traders and the volume of spot cotton business in this market are believed to justify the designation. Bona fide spot markets already designated are Atlanta, Ga.; Charleston, S. C.; Augusta, Ga.; Montgomery, Ala.; Memphis, Tenn.; Little Rock, Ark.; Dallas, Lubbock, Houston, and Galveston, Tex.; and New Orleans, La. (USDA 75-52)

Dairy Products.--A Federal order to regulate the marketing of milk in the central west Texas area will be considered at a hearing at Abilene, Tex. on February 11. The proposal for the order was submitted by a cooperative which is the major producer group in the area. The cooperative contends that prices paid by handlers, butterfat differentials, and hauling rates are arbitrarily established and that producers have no voice in the marketing program for the area. The marketing area proposed would embrace 27 Texas counties. (USDA 114-52)... An additional hearing to obtain more information regarding the proposed Federal milk order to regulate the handling of milk in Stark County, Ohio, and adjoining Ohio areas will be held in Canton, Ohio on February 11. A review of evidence from the September 17 hearing indicates that additional information is needed to determine certain pricing matters and the extent of the marketing area. The hearing evidence indicated quality differences in the milk produced for various portions of the marketing area, but did not indicate sufficient information to determine price differentials for this quality difference. (USDA 94-52)... A Federal order to regulate the marketing of milk has been recommended for the

Sioux Falls-Mitchell, S. Dak. milk marketing area. Such an order would classify milk according to use and would establish minimum prices to be paid for each class by milk dealers to dairy farmers for milk approved under local health regulations. The order also would provide for a "market-wide" pool under which milk dealers' payments would be made to individual farmers on the basis of a uniform or average price. Before such an order could be put into effect, it must be approved by at least two-thirds of the dairy farmers who supply the market and who vote in a referendum. (USDA 3032-51)... Several major changes in the pricing and classification provisions of the Wichita, Kans. Federal milk marketing order are included in an amending action to that order which became effective January 1. The existing temporary Class I milk price differential of \$1.80 per hundredweight will be continued through March 1952, after which the figure becomes \$1.65. The new Class II price is 25 cents per hundredweight less than the Class I price. (Class I includes milk disposed of as fluid milk, and Class II includes milk disposed of as cream and cream products. Differentials are the amounts added to basic formula prices in Federal milk orders to determine the minimum class price that handlers must pay producers for milk.) The increases in the Class I differential are required because of short feed supplies due to floods and excessive rainfall, and because of the need for a permanent expansion of the milk supply in the Wichita area. (USDA 3050-51)

Fats and Oils.--Late in December, USDA announced export allocations of 100,000 pounds of commercial and sulphonated CASTOR OIL and 90,000 pounds of TUNG OIL for the first quarter of 1952. The Department also stated that there would be no quantitative limitation on exports of COCONUT OIL, OITICICA OIL, and MEDICINAL CASTOR OIL. Individual export licenses will still be required for these oils, and applications will continue to be screened to prevent shipment of unreasonable quantities. (USDA 3011-51)... Defense Food Order No. 1, which restricts inventories and uses of CASTOR OIL, has been amended effective January 11. The amendment requires that all persons, other than public warehousemen, who acquire more than 60 pounds of castor oil in any calendar quarter, furnish certificates to their suppliers to indicate the quantity received and its intended use. At the end of each month the suppliers are required to send copies of these certificates to USDA. Heretofore, only those persons who received more than 60 pounds and less than 30,000 pounds in any calendar quarter were required to furnish certificates. (USDA 57-52)... USDA has announced a program to enable California and Arizona producers of oil olives to market their crop in the face of abnormally low prices which have resulted from a record crop of olives in the Mediterranean Basin and a near-record crop in California in 1951-52. Growers who hold OLIVE OIL under this program will have the opportunity to redeem loans and market their products throughout the calendar year 1952. The United States produces approximately 10 percent of its total requirements for olives and olive oil; the remainder comes from Mediterranean countries. The program will consist of offering Commodity Credit Corporation loans and purchase agreements at \$2.50 per gallon of 7.61 pounds for producer's olive oil which meets the eligibility requirements prescribed by CCC. This is equivalent to \$66 per ton for oil olives. Loans and purchase agreements will be available to producers through April 1952. (USDA 46-52)

Fruits and Vegetables.--USDA has announced a proposed revision of U. S. Standards for grades of FROZEN ASPARAGUS. A style of frozen asparagus designated as "tips" would be included in the revised standards, in addition to "spears or stalks," "cut spears" or "cuts and tips," and "center cuts" or "cuts." The standards would be expanded to provide for types of frozen asparagus designated as "white," "green-white," and "mixed color," in addition to "green" or "all-green." Requirements with respect to the percentage, by count, by heads in "cut spears" or "cuts and tips" would be more fully defined, and a method of determining the percentage of heads in all containers comprising the sample is outlined in the proposed revision. (USDA 2995-51)... The 1952 POTATO acreage goals for which figures were first announced November 5 have been adjusted downward in line with data obtained from the 1950 census and reflected in revised estimates of 1950 and 1951 potato acreages. USDA now calls for a 1952 national potato acreage of 1,475,100 acres--90,200 acres less than the total preliminary goal earlier recommended. There is no change in the 1952 production goal of 350,000,000 bushels. (USDA 85-52)... USDA has announced its 1952 production goals for summer and fall VEGETABLES FOR FRESH USE, summer MELONS, and VEGETABLES FOR COMMERCIAL PROCESSING. The goals call for an acreage increase of vegetables for fresh market amounting to 1 percent for summer vegetables, 7 percent for fall vegetables, and a 2 percent reduction in acreage of vegetables for commercial processing. The acreage goal for summer melons remains unchanged. In acreage the 1952 goals are 386,210 acres for 15 summer vegetables (compared with 382,400 acres harvested in 1951), 242,300 for 12 fall vegetables (compared with 226,610 acres harvested in 1951), and 1,735,850 for 9 vegetables for commercial processing (compared with 1,767,270 planted in 1951). The 1952 summer melon goal is 292,020 acres for three of the most important melon crops, the same as the acreage harvested in 1951. (USDA 105-52)

Grain.--Purchase of 24,720,000 pounds of 80-percent extraction, enriched WHEAT FLOUR (wheat equivalent 536,424 bushels) for export to Formosa was announced January 15 by USDA. Total offerings by mills on the purchase amounted to 74,985,000 pounds (wheat equivalent 1,627,175 bushels). (USDA 110-52)... Nearly 251,000,000 bushels (equivalent) of grain and grain products were exported from the United States during the five months July-November 1951, USDA estimates, as compared with about 176,000,000 bushels during the like period in 1950. Exports of WHEAT, FLOUR, and MACARONI, estimated at 184,075,000 bushels for July-November, were nearly three times the exports of other grains. During the same months in 1950 the exports of wheat, flour, and macaroni, estimated at 88,368,000 bushels, were only slightly larger than the exports of other grains. (USDA 3012-51)... The Commodity Credit Corporation has completed contract awards under an announcement inviting offers on exhaust or blower fan assemblies for cooling and ventilating grain in Government-owned grain storage structures. Contracts have been awarded to one manufacturer for 195 electric-motor-driven fan assemblies and to another manufacturer for 25 gasoline-engine, belt-driven fan assemblies. The fan assemblies are to be furnished complete with power unit, housing unit, connecting hood, screen guard, and a flexible connection for use between the connecting hood and the storage structure ventilating system, and other necessary parts for operation. (USDA 81-52)

ABOUT MARKETING

The following publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

U. S. Grades for Sugarcane Sirup and the Federal Grading Services. November 1951. 6 pp. (PMA) (Processed)

Consumer Purchases of Selected Fresh Fruits, Canned and Frozen Juices, and Dried Fruits in November 1951. December 1951. 23 pp. (PMA) (Processed)

Fiber and Spinning Test Results for Some Varieties of Cotton Grown by Selected Cotton Improvement Groups, Crop of 1951. December 1951. 5 pp. (PMA) (Processed)

Report of the President of the Commodity Credit Corporation, 1951. January 1952. 16 pp. (Commodity Credit Corporation) (Printed)

Agricultural Conservation Program--Maps 1949. March 1951. 57 pp. (PMA) (Processed)

Agricultural Conservation Program--Summaries by States, 1950. October 1951. 55 pp. (PMA) (Processed)

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